

**MAHESH J. AGASHIWALA, C.P.A, P.C.**  
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**AUDIT REPORT**  
**DATAMATICS GLOBAL SERVICES INC**  
**APRIL 2018 - MARCH 2019**

**REPORT DATE: APRIL 24, 2019**

**DATAMATICS GLOBAL SERVICES INC.**

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**Report of Independent Auditors**

**To:**

**The Board of Directors and Stockholders**  
**Datamatics Global Services Inc.**

**Report on the Financial Statements**

We have audited the accompanying Balance Sheet of Datamatics Global Services Inc. as of March 31, 2019 and 2018 and the related statements of Income and Expenditure, Retained Earnings and Cash Flows for the period then ended.

Since our engagement is limited to expressing an audit opinion on Datamatics Global Services Inc.'s financial position on a stand-alone basis for the years ending March 31, 2019 and 2018, the effects of the results of operations, cash-flow and Balance Sheet of the non-consolidating subsidiary companies are not considered in this audit report

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Datamatics Global Services Inc as of March 31, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in conformity with Generally Accepted Accounting Principles in the United States of America.

Handwritten signature of Mahesh J. Agashiwala in cursive, with "CAS" written at the end.

**Mahesh J. Agashiwala C.P.A., P.C**

**New York, NY**

**DATAMATICS GLOBAL SERVICES INC.  
BALANCE SHEET**

|   | <u>March 31,</u><br><u>2019</u> | <u>March 31,</u><br><u>2018</u> |
|---|---------------------------------|---------------------------------|
| <b><u>ASSETS</u></b>  |                                 |                                 |
| <b>CURRENT ASSETS</b>   |                                 |                                 |
| Cash & Bank Balance   | \$ 1,183,709                    | \$ 3,451,691                    |
| Accounts Receivable, Net - Trade (Note 2 & 3)   | 7,244,323                       | 6,569,280                       |
| Prepaid Taxes & Expenses  | 560,414                         | 576,888                         |
| Loans & Advances - Others   | 3,292,691                       | 849,630                         |
| Total Current Assets  | 12,281,137                      | 11,447,489                      |
| <b>PROPERTY, EQUIPMENT &amp; IMPROVEMENTS (Note 8)</b>  |                                 |                                 |
| Net of accumulated depreciation of<br>\$3,628,878 & \$3,264,169 respectively                  | 707,622                         | 1,028,957                       |
| <b>OTHER ASSETS</b>   |                                 |                                 |
| Security Deposits   | 176,892                         | 180,587                         |
| Investment  | 406,061                         | 219,096                         |
| Total Other Assets  | 582,953                         | 399,683                         |
| <b>INTANGIBLE ASSETS (Note 9)</b>   |                                 |                                 |
| Intangible Assets - Net of Accumulated Amortization of<br>\$836,638 & \$ 805,291 respectively | 267,153                         | 298,500                         |
| <b>TOTAL ASSETS</b>   | \$ 13,838,865                   | \$ 13,174,629                   |
| <b><u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u></b>  |                                 |                                 |
| <b>CURRENT LIABILITIES</b>  |                                 |                                 |
| Accounts Payable - Trade (Note 7)   | \$ 2,479,155                    | \$ 4,418,745                    |
| HSBC Bank - Line of Credit (Note 4)   | 800,000                         | 1,600,000                       |
| Customer Deposits   | 232,319                         | 175,718                         |
| Accrued Expenses & Other Current Liabilities  | 2,532,748                       | 937,158                         |
| Total Current Liabilities   | 6,044,222                       | 7,131,621                       |
| <b>EQUITY</b>   |                                 |                                 |
| Equity Capital - Common (Note 11)   | 15,887,571                      | 15,887,571                      |
| Additional Paid in Capital  | 12,354,232                      | 12,354,232                      |
| Retained Earnings   | (20,447,161)                    | (22,198,796)                    |
| Total Stockholders' Equity  | 7,794,643                       | 6,043,008                       |
| <b>TOTAL LIABILITY &amp; STOCKHOLDERS' EQUITY</b>   | \$ 13,838,865                   | \$ 13,174,629                   |

See Independent Auditors' Report and the accompanying notes which are an integral part of these financial statements

**MAHESH J. AGASHIWALA, C.P.A, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**DATAMATICS GLOBAL SERVICES INC.  
INCOME STATEMENT**

|   | <u>March 31,</u><br><u>2019</u> | <u>March 31,</u><br><u>2018</u> |
|---|---------------------------------|---------------------------------|
| NET SALES   | \$ 27,899,111                   | \$ 27,720,891                   |
| COST OF SALES (Schedule A)                                | <u>20,989,741</u>               | <u>21,372,130</u>               |
| GROSS PROFIT  | 6,909,370                       | 6,348,761                       |
| OPERATING EXPENSES  |                                 |                                 |
| Selling, General and Administrative Expenses (Schedule B) | <u>5,198,013</u>                | <u>5,743,950</u>                |
| INCOME / (LOSS) FROM OPERATIONS                           | <u>1,711,357</u>                | <u>604,811</u>                  |
| OTHER INCOME AND (EXPENSES)                               |                                 |                                 |
| Interest Income / (Expenses)                              | (9,491)                         | (17,869)                        |
| Other Income / (Expenses)                                 | <u>107,534</u>                  | <u>22,615</u>                   |
| TOTAL OTHER INCOME AND (EXPENSES)                         | <u>98,043</u>                   | <u>4,746</u>                    |
| NET INCOME / (LOSS) BEFORE TAX                            | 1,809,400                       | 609,557                         |
| Corporate Taxes (Note 2)                                  | 57,765                          | 38,264                          |
| NET INCOME / (LOSS)                                       | <u>\$ 1,751,635</u>             | <u>\$ 571,293</u>               |

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**DATAMATICS GLOBAL SERVICES INC.  
STATEMENT OF CASH FLOW**

|   | <b>March 31,<br/><u>2019</u></b> | <b>March 31,<br/><u>2018</u></b> |
|---|----------------------------------|----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                  |                                  |
| Net Profit / (Loss)   | \$ 1,751,635                     | \$ 571,293                       |
| Adjustments to reconcile net profit to net cash provided (used in) by Operating activities: |                                  |                                  |
| Prior Period Adjustment   | 0                                | (249,437)                        |
| Depreciation & Amortization   | 396,022                          | 287,991                          |
| (Increase)/Decrease in Accounts Receivable  | (675,020)                        | (1,406,382)                      |
| (Increase)/Decrease in Other Current Assets   | 16,474                           | 201,017                          |
| (Increase)/Decrease in Other Assets   | 3,695                            | (35,000)                         |
| Increase/(Decrease) in Current Liabilities  | <u>(287,386)</u>                 | <u>2,059,657</u>                 |
| Net cash provided by operating activities   | <u>1,205,420</u>                 | <u>1,429,139</u>                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                  |                                  |
| (Addition)/Deletion to Property & Equipment   | (43,376)                         | (847,741)                        |
| (Addition)/Deletion to Intangible Assets  |                                  | (43,548)                         |
| Investment in subsidiaries  | (186,965)                        | (213,165)                        |
| Loans & Advances  | <u>(2,443,061)</u>               | <u>13,221</u>                    |
| Net cash provided by Investing activities   | <u>(2,673,402)</u>               | <u>(1,091,233)</u>               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                                  |                                  |
| Working Capital Facility - HSBC Bank  | <u>(800,000)</u>                 | <u>1,600,000</u>                 |
| Net cash provided by financing activities   | <u>(800,000)</u>                 | <u>1,600,000</u>                 |
| <br>  |                                  |                                  |
| Net Increase / (Decrease) in cash flow  | (2,267,982)                      | 1,937,906                        |
| <br>  |                                  |                                  |
| Cash at beginning of year   | <u>3,451,691</u>                 | <u>1,513,785</u>                 |
| <br>  |                                  |                                  |
| Cash at end of year   | <u>\$ 1,183,709</u>              | <u>\$ 3,451,691</u>              |

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**DATAMATICS GLOBAL SERVICES INC.  
STATEMENT OF RETAINED EARNINGS**

| <b><u>RETAINED EARNINGS</u></b>                         | <b>March 31,<br/><u>2019</u></b> | <b>March 31,<br/><u>2018</u></b> |
|---|----------------------------------|----------------------------------|
| Beginning Balance                                       | \$ (22,198,796)                  | \$ (22,520,652)                  |
| Prior Period Adjustment - for impairment on receivables | 0                                | (249,437)                        |
| Net Profit / (Loss) for the Period                      | 1,751,635                        | 571,293                          |
| Ending Balance  | \$ <u>(20,447,161)</u>           | \$ <u>(22,198,796)</u>           |

**See Independent Auditors' Report and the accompanying notes which are an integral part of these financial statements**

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**DATAMATICS GLOBAL SERVICES INC.  
SCHEDULE OF COST OF SALES**

**Schedule A**

|                             | <b>March 31,<br/><u>2019</u></b>       | <b>March 31,<br/><u>2018</u></b>       |
|-----------------------------|--|--|
| Salaries                    | \$ 10,584,305                          | \$ 11,037,614                          |
| Contract Labor              | 6,541,912                              | 6,286,784                              |
| Employee Benefit Expenses   | 545,484                                | 539,024                                |
| Rent                        | 704,861                                | 784,357                                |
| Bank Charges                | 512                                    | 292                                    |
| Utilities                   | 63,409                                 | 74,526                                 |
| Real & Property Taxes       | 34,661                                 | 45,233                                 |
| Depreciation & Amortization | 196,789                                | 189,564                                |
| Recruitment Expenses        | 73,695                                 | 174,011                                |
| Repairs & Maintenance       | 208,362                                | 266,028                                |
| Supplies                    | 31,343                                 | 44,904                                 |
| Software                    | 45,908                                 | 38,324                                 |
| Telephone                   | 73,296                                 | 69,524                                 |
| Postage                     | 1,217,363                              | 1,414,288                              |
| Travel Expenses             | 403,169                                | 234,706                                |
| Meals & Entertainment       | 2,667                                  | 2,825                                  |
| Professional Fees           | 26,171                                 | 4,494                                  |
| Commission on Sales         | 147,505                                | 121,200                                |
| Other Expenses              | 8,818                                  | 4,320                                  |
| Insurance                   | 79,511                                 | 40,112                                 |
| <br><b>COST OF SALES</b>    | <br><b>\$ <u><u>20,989,741</u></u></b> | <br><b>\$ <u><u>21,372,130</u></u></b> |

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**DATAMATICS GLOBAL SERVICES INC.**  
**SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

**Schedule B**

|  | March 31,<br><u>2019</u>   | March 31,<br><u>2018</u>   |
|--|----------------------------|----------------------------|
| Advertisement & Sales Promotion        | \$ 106,150                 | \$ 244,455                 |
| Bank Charges and Interest              | 12,977                     | 10,036                     |
| Depreciation & Amortization            | 199,233                    | 98,427                     |
| Employee Benefit Expenses              | 154,459                    | 176,423                    |
| Entertainment & Membership Expenses    | 18,152                     | 30,541                     |
| Recruitment Expenses                   | 17,754                     | 10,495                     |
| Insurance                              | 141,102                    | 136,328                    |
| Legal Fees & Professional Fees         | 171,328                    | 645,647                    |
| Miscellaneous Expenses                 | 1,961                      | 472                        |
| Software Expenses                      | 144,095                    | 143,846                    |
| Postage & Delivery                     | 15,694                     | 24,895                     |
| Printing, Stationery & Office Supplies | 5,259                      | 7,507                      |
| Rent                                   | 122,317                    | 98,039                     |
| Repairs & Maintenance                  | 275,352                    | 222,043                    |
| Real & Property Taxes                  | 13,615                     | 9,076                      |
| Salaries                               | 3,103,232                  | 3,199,352                  |
| Telephone & Link Expenses              | 455,791                    | 279,866                    |
| Travel Expenses                        | 217,558                    | 384,838                    |
| Utilities                              | 21,984                     | 21,664                     |
| <b>TOTAL</b>                           | <b>\$ <u>5,198,013</u></b> | <b>\$ <u>5,743,950</u></b> |

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**DATAMATICS GLOBAL SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**1. ORGANIZATION**

Datamatics Global Services Inc. is incorporated in the State of Delaware in 1999 and is a wholly owned subsidiary Datamatics Global Services Limited (DGSL) which is incorporated in India.

The principal business of the Company is to provide ITES - BPO services, more particularly, the Company offers end to end services in back office processing, covering: Accounts Payable Management, Tax Returns Processing, Market Research Forms Processing and Health Care Claims Processing; Content Management including Publishing Services, Financial Document Processing and Litigation Support Services. It also offers Consulting Services including Data Warehousing and Business Intelligence, Data Integration and Document Management and Workflow.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The Company maintains its books of accounts on accrual basis.

**INVENTORY**

The Company is not engaged in sale of any products and therefore there is no inventory of merchandise.

**CONTRACT LABOR**

Contract Labor consists of expenses related to hiring of human resources.

**CASH**

Cash includes cash on hand and in bank deposit. The Company maintains its cash in bank deposit accounts that, at times, may be in excess of amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts.

See Independent Auditors' Audit Report

**DATAMATICS GLOBAL SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of those instruments. The Company believes that the carrying value of notes payable and capital leases payable approximates fair value as the interest rates on those instruments are similar to rates currently available to the Company.

**PROPERTY, EQUIPMENT AND DEPRECIATION**

Property and Equipment are valued at cost. Depreciation is provided on Straight Line Method over the estimated useful life of the assets. When the assets are disposed off, the cost and the accumulated depreciation are eliminated from the books of accounts and the gain or loss is recognized.

**INTANGIBLE ASSETS**

Intangible assets consist of business acquisition costs, software and capitalized leases. Management believes that the intangible assets have significant value and will provide future benefits to the Company and are stated at their fair values.

In accordance with GAAP, long lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicates possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

**PROVISION FOR DOUBTFUL DEBTS**

The Company creates a reserve for bad debts for its Receivables, which it considers as doubtful. In 2017-18, the Company increased its reserve for bad debts from 221,708 to 329,972. During the year, the Company reversed \$56,220 excess provision for doubtful debt created in the previous year and reported the same as Other Income in the Income Statement. For the year ending March 2019, the reserve for bad debt balance is \$273,752.

**DATAMATICS GLOBAL SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**USE OF ESTIMATES**

The preparation of financial statements as per Generally Accepted Accounting Principles requires management to make estimates and assumptions which affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of revenue and expenses during the reported period. Actual results could differ from such estimates.

**INTERNAL CONTROLS**

Management believes that adequate internal controls are in place.

**INCOME TAXES**

The Company has reported Net Income for the current fiscal year. However, no provision for income taxes are made in the books since the Company intends to utilize its accumulated Net Operating Losses in Prior Years to offset the current year's Net Taxable Income and will continue to do so in future years until the Net Operating Losses are either fully utilized or lapsed. The management has decided not to set up a Deferred Tax Asset Account. The mandatory State Income Taxes have been provided for since they are based on alternative tax computation.

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable includes \$436,703 which is past due for over 180 days, representing 7% of the total Accounts Receivable. The management represents that it expects to realize the amount in full over a period of time.

The Company adopted Expected Credit Loss Methodology in the previous fiscal year ended March 31, 2018, to comply with the International Financial Reporting Standard 9, a deviation from Generally Accepted Accounting Principles, to evaluate the impairment of its accounts receivables for all prior years by creating \$249,437 of a reserve that reduced the accounts receivable reported in the previous fiscal year. This prior period adjustment is reflected as a separate line entry in the previous fiscal year Retained Earnings.

See Independent Auditors' Audit Report

**DATAMATICS GLOBAL SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**4. LINE OF CREDIT - BUSINESS LOAN AGREEMENT**

On January 10, 2018, the Company signed a discretionary demand line of credit secured by the assets of the Company from HSBC Bank. The available credit of \$3 Million bears interest at Libor plus 2.15% per annum and are to be used for working capital and general corporate purposes. The Line of Credit shall be payable on demand.

The Company borrowed 1.6 Million against the Line of Credit on March 29, 2018 and on April 3, 2018 advanced \$1.6 Million to Datamatics Global Services Corp, a wholly owned Philippines subsidiary of the Company, to fund the purchase of RJ Globus Solutions, a Philippines company. During the current fiscal year, the Company has repaid \$800,000 of the Loan leaving a \$800,000 balance payable at the end of the current fiscal year, March 31, 2019.

**5. CUSTOMER CONTRACT PURCHASE AGREEMENT**

The Company entered into a contract with Tricom dated September 16, 2013 under which the Company agreed to purchase certain customer contracts for healthcare claims processing business in the USA for a total consideration of \$2,494,000. However, some of those customer contracts were not turned over to the Company and hence the total consideration was reduced to \$2,126,761. The Company recorded an Intangible Asset of \$2,126,761 and is amortizing over a period of 36 months from the date of purchase.

**6. BUSINESS DEVELOPMENT AGREEMENT**

The five year conditional contract between the Company and Ameriinfo LLC (Consultant) dated March 5, 2014 under which the Accounts Payable Service Centre project introduced by the consultant will generate minimum revenue of \$4,795,000 and the Company has agreed to pay \$606,000 towards total gross commission in advance. As per the terms of the contract, the Company paid \$350,000 commission in advance of March 31, 2014 and was liable to pay the balance \$256,000 as of March 31, 2015 which remained unpaid as of March 31, 2019. This is neither paid nor recorded as a current liability as of March 31, 2019.

See Independent Auditors' Audit Report

**DATAMATICS GLOBAL SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**7. RELATED PARTY TRANSACTIONS**

Accounts Payable includes \$ 2,491,850 due to DGSL, the parent company against services received worth \$ 5,639,252 as of March 31, 2019. Accounts Receivable includes \$1,463,648 due from DGSL and services given to DGSL are worth \$1,196,715.

Accounts payable includes \$7,801 due to Lumina Datamatics Inc., a related company under the common of DGSL against services received worth of \$ 180,568 as of March 31, 2019. The Company was reimbursed \$ 88,805 for expenses of Lumina Datamatics Inc. as of March 31, 2019.

As of March 31, 2019, Accounts Receivable includes \$ 189,572 due from Cignex Datamatics, Inc. (Cignex) a related company under the common control of DGSL. The Company has rendered services worth of \$ 662,002 to Cignex during the year. The Company was reimbursed \$ 83,854 for expenses of Cignex as of March 31, 2019.

On March 30, 2017, the Company incorporated Datamatics Robotics Software, Inc. (DRSI), a wholly owned subsidiary of the Company and recorded Stock subscription payable of \$1,000 as other current Liability. On March 14, 2018, the Company contributed \$10,000 as Capital. During the current year, the Company began selling DGSL Proprietary Robotics Software to customers in the USA through its DRSI subsidiary and by virtues of a license purchased in the previous fiscal year-end from a DGSL related entity, DGTAG. Advance Receivable from DRSI during the current fiscal year is \$213,387.

On January 23, 2018, the Company purchased all of the outstanding 100,000 shares of Datamatics Global Services Corp. (DGSC) which is a corporation registered under the laws of the Republic of the Philippines, from a related entity, Datamatics Global Services FZ-LLC which is registered under the laws of the United Arab Emirates (Dubai), for 10,000,000 PHP (Philippines Pesos). The converted US dollar amount of \$195,057 was wired in the previous fiscal year-end on February 8, 2018.

On April 3, 2018, the Company advanced \$1,410,000 to Datamatics Global Servicers Corp (DGSC) to fund the purchase of RJ Globus Solutions, a Philippines company that operates as a call center in the Philippines. It also paid \$ 190,000 to purchase shares of preferred stock of RJ Globus Solutions. Interest income and receivable reported on the loan is \$74,843.

**DATAMATICS GLOBAL SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**8. PROPERTY, EQUIPMENT & IMPROVEMENTS**

As of March 31, 2019 property, equipment and improvements consisted of the following:

|                     | Automobiles      | Machinery<br>And<br>Equipment | Furniture<br>And<br>Fixtures | Leasehold<br>Improvements | Total               |
|---------------------|------------------|-------------------------------|------------------------------|---------------------------|---------------------|
| <b><u>Cost:</u></b> |                  |                               |                              |                           |                     |
| Beginning Balance   |                  |                               |                              |                           |                     |
| March 31, 2018      | \$ 11,201        | \$ 3,790,130                  | \$ 360,653                   | \$ 131,140                | \$ 4,293,126        |
| Additions           | -                | 22,187                        | 3,896                        | 7,294                     | 43,377              |
| Dispositions        | -                | -                             | -                            | -                         | -                   |
| Ending Balance      |                  |                               |                              |                           |                     |
| March 31, 2019      | <u>\$ 11,201</u> | <u>\$ 3,812,317</u>           | <u>\$ 364,549</u>            | <u>\$ 148,434</u>         | <u>\$ 4,336,500</u> |

**Accumulated  
Depreciation:**

|                   |                 |                     |                   |                  |                     |
|-------------------|-----------------|---------------------|-------------------|------------------|---------------------|
| Beginning Balance |                 |                     |                   |                  |                     |
| March 31, 2018    | \$ 7,806        | \$ 2,917,568        | \$ 251,467        | \$ 87,328        | \$ 3,264,169        |
| Additions         | 1,358           | 322,043             | 28,822            | 12,486           | 364,709             |
| Dispositions      | -               | -                   | -                 | -                | -                   |
| Ending Balance    |                 |                     |                   |                  |                     |
| March 31, 2019    | <u>\$ 9,164</u> | <u>\$ 3,239,611</u> | <u>\$ 280,289</u> | <u>\$ 99,814</u> | <u>\$ 3,628,878</u> |

**9. INTAGIBLE ASSETS**

Intangible assets, at cost, consist of business acquisition costs, software and capital leases.

Business acquisition costs – Tricom Parties consist of the costs including legal costs incurred to purchase customer contracts:

|                                       |                  |
|---------------------------------------|------------------|
| Business acquisition – Tricom Parties | \$ 2,126,761     |
| Less: Accumulated amortization        | <u>2,216,761</u> |
| Business acquisition – Net            | <u>\$ 0</u>      |

Business acquisition costs are fully written for the both the fiscal years presented.

See Independent Auditors' Audit Report

**MAHESH J. AGASHIWALA, C.P.A., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS



**DATAMATICS GLOBAL SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**9. INTAGIBLE ASSETS (Continued)**

Other Intangible costs consist of:

|                                |                   |
|--------------------------------|-------------------|
| Capitalized Software           | \$ 978,633        |
| Capitalized Leases             | 125,158           |
| Less: Accumulated amortization | <u>836,638</u>    |
| Other Intangible Assets – Net  | <u>\$ 267,153</u> |

**10. LEASE COMMITMENTS**

The Company has entered into lease agreements for office space and various items of equipment. The rental agreement for office space includes escalation clauses that allow increase in future operating costs.

Future minimum lease payments for the current facilities and equipment are listed by year and in the aggregate, under non-cancelable operating leases with remaining terms of one year or more are as follows:

| Fiscal Year | Lease Obligations |
|-------------|-------------------|
| 2019-20     | \$914,546         |
| 2020-21     | \$889,859         |
| 2021-22     | \$754,559         |
| 2022-23     | \$119,952         |

The lease obligations are neither recorded as an intangible asset nor as the liability. These amounts will change as the Company renegotiates or finds new facilities when any of the existing leases expires.

**11. EQUITY**

The Company has Authorized Common Stock of 1150 Shares @ No Par Value. As of March 31, 2019 Common Stock Issued and Outstanding was 1000 shares @ No Par Value.

See Independent Auditors' Audit Report